

Challenges of the Global Century

Report of the Project on Globalization and National Security

by **Stephen J. Flanagan, Ellen L. Frost, and Richard L. Kugler**



Institute for National Strategic Studies
National Defense University

The complete two-volume set of
THE GLOBAL CENTURY
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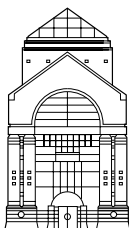
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About the Authors

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The National Defense University (NDU) is a joint professional military education institution operating under the direction of the Chairman of the Joint Chiefs of Staff. Its purpose is to prepare military and civilian leaders for service at the highest levels of national defense and security. The major components of NDU include the Industrial College of the Armed Forces, National War College, Joint Forces Staff College, Information Resources Management College, Institute for National Strategic Studies, Center for Hemispheric Defense Studies, African Center for Security Studies, and Near East-South Asia Center for Security Studies.

The Institute for National Strategic Studies (INSS) conducts strategic studies for the Secretary of Defense, Chairman of the Joint Chiefs of Staff, and unified commanders in chief; supports national strategic components of NDU academic programs; and provides outreach to other governmental agencies and the broader national security community.

The Publication Directorate of INSS publishes books, monographs, reports, and occasional papers on national security strategy, defense policy, and national military strategy through National Defense University Press that reflect the output of university research and academic programs. In addition, it produces *Joint Force Quarterly*, a professional military journal published for the Chairman of the Joint Chiefs of Staff.

Executive Summary

This report presents the results of an 18-month research project designed to assess the strategic consequences of globalization and its implications for U.S. national security and defense policy. The project was conducted by the Institute for National Strategic Studies at the National Defense University and sponsored by the Department of the Navy. It brought together a diverse, interdisciplinary group of experts from the United States and abroad. The results of their analytical efforts are presented in *The Global Century: Globalization and National Security*, published in two volumes by NDU Press and furnished on the accompanying CD-ROM.

The main judgments of this research are presented herein by three of the project leaders. This executive summary identifies key findings. The appendix lists the contents of the two volumes of *The Global Century*, which offer in-depth analyses of the issues discussed here.

A strategic challenge facing the Bush administration, especially the Department of Defense, is dealing with globalization, which became a matter of widespread public interest only a few years ago. Anchored in economic dynamics, it is a process of growing cross-border flows in many areas that are drawing countries and regions closer together, creating networks of expanded ties. Whereas many observers initially saw globalization as wholly positive, we found that its effects are mixed and uneven across different re-

gions and within various countries, yielding both beneficial and detrimental changes in the international system. Moreover, globalization will continue to interact with old and new geopolitics to help lessen some tensions but aggravate others. The key challenge is shaping the interplay of globalization, old geopolitics, and new transnational threats so that the 21st century, the first truly Global Century, is both peaceful and productive.

Globalization has many positive attributes. It helps create a wealthier world economy, promotes communications, and stimulates technological innovation, including sophisticated information systems. It also rewards good governance, fosters more universal political participation, creates new markets, and encourages multilateral cooperation. However, especially in the short term, globalization is associated with a widening income gap and painful social upheavals in many places. It transmits financial information so rapidly that shocks become contagious. In these circumstances, it can both arouse anger at industrial democracies and facilitate the growth of international crime and proliferation of weapons of mass destruction. Globalization does not stop wars, prevent aggression, end arms races, erase centuries of hatred, or eradicate power politics. It thus must be kept in perspective and, to the extent possible, channeled by wise policies so that its benefits outweigh its liabilities.

Owing to globalization and other trends, the democratic community in North America, Europe, and Asia enjoys

peaceful prosperity; several South American countries are making progress as well. Other regions, however, remain unstable and troubled, for example, Russia and Eurasia, the Balkans, the Greater Middle East, large parts of South Asia, Africa, and several countries in East Asia. There and elsewhere, the main danger is not the rise of a new peer rival to threaten the United States, but widespread turmoil of the sort that can create conflict and endanger our national interests in stable global commerce. Factors contributing to this chaos

this goal will require a high degree of interagency coordination in Washington and in activities abroad. Appropriate changes in policymaking and implementation will be necessary as well. Securing greater help from America's allies and partners in Europe, Asia, and elsewhere also will be important.

The Department of Defense has not yet devoted much attention to global strategic consequences. Globalization will interact with other trends to alter the setting for defense planning. Swift power projection and expeditionary operations will become the dominant requirement. Although sizable U.S. forces may remain stationed in Europe and Northeast Asia, they will often be called upon to deploy elsewhere and to serve as instruments of power projection together with forces deployed from the United States. Military planners will need to maintain a full spectrum of capabilities—from peacetime engagement to regional conflict management and theater warfighting. Handling this strategic agenda, while transforming the Armed Forces for the information era, is key to creating the flexible and adaptive defense posture needed for the 21st century.

Maritime affairs are becoming more prominent in the strategic calculus. The global economy is producing a major upsurge of commerce on the oceans and seas. In peace and war, many military operations in the future will be maritime and littoral. An inherent flexibility and broad range of capabilities allow naval forces to transition quickly from peacetime presence and engagement to crisis response and countervailing military action. The sea services are well suited to the challenges of the Global Century, but to remain so they will need to continue the process of transformation.



U.S. Navy (Seth Rossman)

USS Kearsarge
supporting NATO
operations in Kosovo.

include geostrategic rivalries, political turmoil, economic difficulties, regional aggressors, ethnic strife, failing states, transnational threats, proliferation, and military imbalances. Dampening this turbulence, while creating a climate of greater security where national interests are at stake, will be critical if globalization is to bring sustained progress.

U.S. strategy must employ all the instruments of national power in a more integrated fashion to meet this demanding challenge. In particular, it will need to synthesize policies for guiding the world economy to address the new security environment. Balancing policies in these and other arenas will be critical if the United States is to advance its interests and values in a world where economics and security are increasingly intertwined. Achieving

Section 1

Globalization and Security: A Growing Challenge

Globalization describes the era that is emerging from the shattered glacial of the old Cold War divide. Helping shape this era is an energetic economy powered by the accelerating pace of transport, telecommunications, and information technology. Defined broadly, globalization is the process of growing international activity in many areas that is creating ever-closer ties, enhanced interdependence, and greater opportunity and vulnerability for all. Events at the far corners of the earth are now affecting each other, countries and regions are being drawn closer together, key trends are interacting as never before, and the pace of change is accelerating. Because of it, the 21st century will be the first truly Global Century.

the emerging global system is rapidly eroding old boundaries between foreign and domestic affairs as well as between economics and national security

Mastering the challenges of the Global Century will require governments everywhere to see, think, and act globally—in ways never demanded of them before. In previous centuries, the course of world history was determined largely by events in only a few regions, particularly Europe and North America. Now, the future is shaped by the actions and interactions of countries and people all over the world. Nobody knows what globalization will produce, but it is here to stay. If it is to bring progress, rather than trouble, its powerful

Demonstrators at World Bank and IMF meetings in Washington.



AP Wide World Photos (Rick Bowmer)

dynamics must be channeled in constructive directions by sound government policies.

The emerging global system is rapidly eroding old boundaries between foreign and domestic affairs as well as between economics and national security. Developments in one sphere are increasingly having rapid and sometimes surprising effects on others. Despite the power of markets, the role of government remains crucial. Indeed, a peaceful security climate must first be created in most regions before globalization can take hold in ways that bring economic prosperity, democracy, and multilateral community-building. Creating such a security climate is, first and foremost, the job of diplomacy, foreign policy, and defense planning—not the job of markets, trade, and finances.

Protesters at meetings of the International Monetary Fund (IMF) around the world have painted globalization as a form of exploitation, with devastating consequences for the developing world. By contrast, defenders of globalization portray it as a largely positive force that fosters peaceful integration. Our assessment is that globalization's effects are mixed and uneven across different regions and within various countries. For example, the new ease of global communication and transportation has boosted trade and growth. Flows of U.S. trade and investment are now equivalent to more than 30 percent of U.S. gross domestic product (GDP). These flows contributed substantially to the extraordinary levels of economic growth and job creation that marked the 1990s. But these same innovations have facilitated the growth in transnational crime and weapons proliferation. A large percentage of the cases being handled by the Federal Bureau of Investigation today, from telemarketing fraud to car theft to money laundering, have an international dimension.¹

On balance, where democratic and other responsive and adaptive governments are in place, globalization is fostering stability and prosperity. However, most countries with weak or authoritarian governments must now struggle mightily just to keep pace in the global marketplace. The widening gap between them and the rest of the world feeds internal turmoil and regional instability. Still others are falling further below the norm, unable to compete in the global economy and buffeted by many of globalization's negative consequences. The resulting economic and social disparities have sometimes exacerbated ethnic tensions and inter-communal grievances. They have also helped to spawn terrorism and armed conflicts that place new demands on international

and regional institutions. A few examples illustrate globalization's impact:

- The Asian financial crisis of 1997–1998 intensified ethnic tensions and instability in Indonesia, catalyzing the independence movement in East Timor and threatening the territorial integrity of the rest of the country.
- During and after the Kosovo war, ethnic Albanians used the Internet to raise substantial funds for the Kosovo Liberation Army, while Serbian reformers used it to skirt government censorship and build opposition to the Milosevic regime.
- Criminal gangs in Sierra Leone have financed their insurrection through sales of diamonds on the international market.

Welcome to the Global Century.

Section 2

Key Features of Globalization

Globalization is a long-term process of change, not a static condition. It comes in many forms, of which economic globalization is only one. The central features of globalization are the rapidly growing and uneven cross-border flows of goods, services, people, money, technology, information, ideas, culture, crime, and weapons. Owing to globalization, international and transnational activity is growing exponentially, and the rate of change is accelerating almost everywhere, often faster than governments and institutions can respond.

Dynamics

Globalization is not entirely new. A global economy began to emerge at the end of the 19th century and continued to develop through the 1930s. The process was disrupted by the two World Wars and the Cold War. Not until the 1970s did trade as a percentage of global output reach the level that had been achieved before World War I (15 percent). Before then, trade protectionism, nationalism, global conflict, and the rise of the Communist bloc had slowed the effects of globalization.

At the same time, globalization today is markedly different from its predecessors. Greatly expanded trade flows have been accompanied by growing foreign investments, ever-bigger multinational corporations, and financial transactions that total trillions of dollars daily. In addition, the *integration of capital and commodity markets* since the 1970s has surpassed all previous levels and is still spreading.² This trend has been accompanied by a fuller acceptance of the institutional framework created after World War II to promote global trade and growth, and by a growing willingness to settle disputes according to agreed-upon rules.

What is unique about globalization in the current era is the *revolution in information technology*, accompanied by the spread of cable television, the increasing number of personal computers, electronic mail, and the instant availability of information. This revolution has sparked a business-driven interaction of advanced telecommunications, technology transfer, and capital flows. Globalization would not be occurring in its present form were it not for the business application of the knowledge revolution—for example, computers, e-mail, satellites, and other innovations. One hallmark of globalization is the emergence of the Internet, which has the effect of spreading knowledge to the far corners of the Earth. The



Greek soldiers guarding ballot boxes during elections in Bosnia.

The challenge for the United States and other countries is to take advantage of globalization's opportunities while minimizing its dangers. Addressing this challenge requires a better understanding of globalization and its effects. It also requires more integrated policy approaches and mechanisms for decisionmaking that will foster sound policies.

1st Combat Camera Squadron (Andy Dunaway)



Traders on London International Futures and Options Exchange.



AP Wide World Photos (Charles Miller)

“Net”—the ever-expanding global communications network linked together by the Internet, which is both a product and instigator of globalization—is spreading information, changing business and governmental institutions, creating enormous new wealth, and generally promoting the openness that is essential to a healthy democracy. But the Net cannot itself eliminate security problems and dangers associated with its development and may inflame them.

There are several other foundations and enablers of globalization in the current era. The success of the Western policy of democratic enlargement has yielded a larger group of states well prepared to embrace the challenges of globalization. Moreover, the passing of socialism and the triumph of market-oriented economic policies in much of the world have given new impetus to *market competition*.

Multiple Manifestations

Globalization is having a number of effects—economic, political, cultural, religious, social, demographic, environmental, and military. Understanding these aspects of globalization is important because the interactions among them can be benign or destructive. In the latter case, globalization can trigger new security problems in which the United States may be called upon to intervene.

Economic Growth and Disparities. Most economists applaud economic globalization because it promotes *efficiency* and *specialization*. They argue that the more global the scale of the market, the more efficient the allocation of resources. Several major studies have concluded that nations with open, market-oriented economies recently have grown twice as fast as those with closed economies; in the 1970s and 1980s the disparity was even higher.³ Never before have so many people in so many regions experienced a rise in real income.⁴ During the past decade, the world economy grew by about 30 percent in total value, benefiting many countries—not only in Asia, but elsewhere. Today’s global economy totals about \$40 trillion, as measured in terms of annual GDP for all countries combined, using “purchasing power parity” estimates. This level compares to about \$30 trillion a decade ago. Helping propel this growth have been increased exports, which today amount to nearly \$6 trillion. While most trade is carried out by the wealthy industrial powers, less-developed countries are now exporting about \$1.5 trillion annually. However, other statistics in poor regions—including rapid population growth, environmental degradation, and disease—are far less encouraging. What is hotly debated is whether and to what extent globalization is exacerbating poverty in various parts of the world. In the eyes of globalization’s critics, there is a direct, causal relationship between globalization-fed corporate profits and global poverty.

The modern industrial powers possess 70 percent of the world’s wealth but have only 28 percent of the world’s population. Their per-capita wealth is four to seven times greater, on average, than the vast number of far poorer countries that house nearly three-quarters of the world’s people.

A Bifurcated World Economy



Today’s world economy shows a sharp difference in wealth. While the democratic community has a gross domestic product of \$29 trillion, other regions have only \$14.5 trillion. Moreover, democratic countries have smaller populations: only 1.7 billion people versus 4.3 billion. The result is a major difference in the average GDP per capita: \$17,100 in the democratic community and \$3,400 in other regions. Economic data for this chart reflect purchasing power parity estimates.

Sources: International Institute for Strategic Studies, *The Military Balance, 2000–2001* (Oxford: Oxford University Press for the International Institute for Strategic Studies, 2000), and publications issued by the United Nations and the U.S. Government.

While some developing countries are growing fast, the overall disparity between the rich and poor is not shrinking because both clusters are growing at similar rates, and rapid population growth can lower per-capita income. A considerable portion of trade and investment takes place within the wealthy industrial countries; a far smaller share flows between them and the developing world. With global growth rates averaging about 3 percent annually, many years, or even decades, will pass before a considerable number of developing countries achieve moderate wealth,

another byproduct of globalization is that the speed of changes in income and its distribution within and among countries can rock political stability

much less attain the prosperity that industrial countries take for granted.

Not surprisingly, this steep hierarchy, coupled with the difficulty of competing in the global economy, creates frustration and resentment in many quarters. Many countries owe their troubles to their own governments, societies, and economies. Yet a number of those governments complain that their efforts to become prosperous are hampered by wealthy countries. They assert,

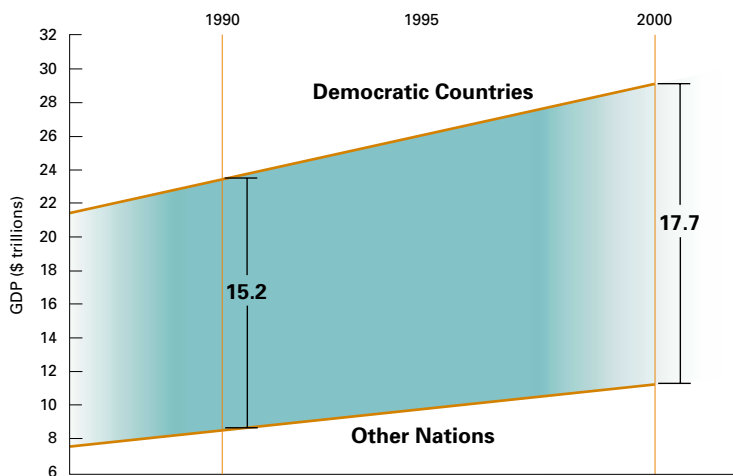
for example, that wealthy countries provide them insufficient aid, erect protectionist trade barriers to their agricultural products, suppress prices for their natural resources, and pursue trade policies that seek to impose inappropriate labor and environmental standards on other countries as a cover for protectionism. Accompanying these judgments is dissatisfaction with the actions of multinational corporations, Western banks, and the international financial institutions. The effect is to create a psychological gap between wealthy countries that view globalization as a positive force and less well-endowed countries that see it in more negative terms.

Stressful Economic and Social Changes.

Although economic globalization can help many countries gain wealth, its potential to wreak havoc, especially in developing countries, is becoming evident. The speed, volatility, and sudden withdrawal of financial flows sent a number of countries spinning into recession in 1997–1998. This downswing was the first real crisis of globalization. The collapse of the Thai *baht* pulsed through most of Asia and then much of South America, ravaging the economies of Brazil and its neighbors. The collapse of confidence associated with the Asian crisis ultimately spread to Russia, crippled what was left of the Russian economy, and brought forth a younger, technocratic leader to clean up the mess. This was an unpredictable chain reaction that caught even seasoned observers by surprise. Efforts are now under way to bring greater stability to international financial markets to prevent similar contagious shocks. However, the world economy seems certain to remain driven by unpredictable market mechanisms.

Another byproduct of globalization is that the speed of changes in income and its distribution within and among countries can rock political stability. As a general rule, globalization offers rising elites and the urban middle classes a bigger share of the economic pie. If this share increases too rapidly and if the rest of the pie is not made available to others because of monopolies or corruption, the government can lose its legitimacy, as it did in Indonesia. If the speed of change is glacial because the government has deliberately isolated its citizens from globalization and restricted the free flow of information, disgruntled students and merchants may complain or rebel, as they have in China and Iran. Likewise, the uneven distribution of direct foreign investment in the developing world—three-quarters goes to fewer than a dozen countries, with the Middle East accounting for only a fraction—will intensify a widening income gap *within* the developing world.

The Widening Wealth Gap



Over the past decade, democratic countries as well as other nations have experienced economic growth rates averaging 2.5 to 3.5 percent annually. Although the world has become a wealthier place, the gap between the democratic community and other regions has widened by about \$2.7 trillion. Overall, major economic gains are manifested in the long term, not the short term. By 2020, while most nations of the world are likely to be substantially wealthier, the democratic countries will far surpass other nations.

Sources: International Institute for Strategic Studies, *The Military Balance, 2000–2001* (Oxford: Oxford University Press for the International Institute for Strategic Studies, 2000), and publications issued by the United Nations and the U.S. Government.

Grain from International Red Cross arriving in North Korea.



Income gaps mirror social and geographical divisions both within societies and among countries and regions. In most countries, unskilled laborers, workers in protected industries, and small farmers are increasingly at risk of rapid dislocation due to external developments. What is politically important is the perception of prosperity relative to that of other groups or states. Globalization exposes fissures in this arena and often exacerbates them. Beyond this, globalization affects the health, wealth, and daily lives of people everywhere. For example, it is triggering a big surge in immigration as people move to new locations in search of jobs, as well as changing career paths, social mores, and expectations in many countries.

Some lessons of economic globalization are clear. If a government pursues market-oriented policies that benefit the ruling elite or the middle class at the expense of the poor, if inadequate disclosure and weak supervisory organs trigger a run on the banks, and if social safety nets are weak or absent, openness to globalization can severely destabilize the political system and hurt the poorest members of the population. Because people in other countries tend to assume that the United States pulls the strings of the World Bank and the IMF, financial crises of the Indonesian variety not only evoke a legitimate humanitarian outcry, but they also ignite anti-Americanism.

Cultural and Religious Impact. The worldwide predominance of American business practices and popular culture, facilitated by the globalization of the communications and entertainment industries, has raised anxieties and backlash among elites in some countries who fear the loss of their own cultural identity, particularly in areas of the world where national identity is weak or recently formed. Popular culture has fostered the learning of English, the language of international communication, which has accelerated the global flow of ideas. Cultures that are capable of borrowing and adapting foreign influences are generally faring better in the face of globalization. But globalization has also created awareness of traditional cultures that face the threat of extinction.

Globalization is facilitating the spread of religious ideas rather than destroying religion. The strength of religious values and institutions has helped people in many regions cope with alienation, insecurity, and rapid economic change. Much of the violence that is sometimes described as religious actually stems from a political backlash against globalization by instigators who use religion for their own ends. Although cultural wars are unlikely, communal conflict is becoming a hallmark of globalization. The politicization of Islam poses a particular challenge in this regard, but it is not the only one. A widespread backlash is building against Western values and practices, which often are perceived as demeaning, decadent, self-indulgent, and exploitative.

Impact of the Media. The growth of international communications has contributed to a new political awareness. Television and the Internet, to paraphrase the late Congressman Thomas P. (Tip) O'Neill, have made all local politics global. The global village is becoming more tightly knitted as new technologies make it far easier to broadcast and receive news worldwide. These innovations have had many positive effects. They have facilitated media exposure of abuses of official power, diffused norms of democracy and human rights, and heightened awareness of environmental problems and regional conflicts. Because markets need information to function properly, the Chinese and other authoritarian governments that want to participate in the global economy are finding it increasingly difficult to control the flow of information within their borders. Over time, these pressures toward greater openness could stimulate political liberalization. However, these developments also present new challenges to national policymakers. In some cases, global media coverage can dramatize and harden political conflicts and subject military operations to daily, and sometimes unhelpful, scrutiny.



U.S. Marine Corps (Bryce A. Piper)

Providing refuge for displaced family, East Timor.

The new global awareness has not always galvanized international responses to crises. The so-called CNN effect, the notion that heightened awareness of human suffering compels governmental responses to crises of peripheral interest, is overstated. While European and American citizens pressed their governments to respond to graphic media reports of atrocities in the Balkans, there were much more circumspect calls for re-

while the media is now a powerful actor on the world scene, its effects are not uniform, and it can both help and hinder governmental responses to crises

sponses to equally horrific suffering during conflicts in Rwanda, Chechnya, and Afghanistan. These other crises were not assessed to be as important or compelling. Geopolitical and other filters appear to temper the CNN effect. In short, while the media is now a powerful actor on the world scene, its effects are not uniform, and it can both help and hinder governmental responses to crises.

Democracies and Market Economies

The widening income gap both within countries and between countries and regions that are adapting relatively well to globalization and those that are left behind should be a matter of growing concern to national security strategists, not just international development experts. Sudden shifts in wealth can create a backlash against successful ethnic minorities. Extremist movements can often attract those who are uprooted or fearful of globalization. There is a real risk that these governments or nonstate actors within them will become more

hostile to the West and more aggressive. Moreover, the countries that are falling behind in the global economy are found in regions of the world with simmering interstate and intrastate tensions; among these countries are many that support terrorism and are actively pursuing the development of weapons of mass destruction.

In countries where the legal and institutional structures are weak, globalization has generally intensified the problems of bribery and corruption and facilitated the development of criminal networks. Corruption and crime not only divert resources, but they also damage public confidence in a market economy. In the area of public works, crime and corruption jeopardize public safety and can severely damage the environment. In these circumstances, it becomes all too easy for citizens whose welfare is declining to associate democratization with the corruption and criminalizing of the economy, creating fertile soil for internal and external backlash.

Organized crime, drug trafficking, and terrorism, aided by the latest information technology, are also growing, to the point where they already form a sinister underbelly of globalization that threatens the security of all countries, including the developed democracies. These criminal activities have the potential to infect world politics on a larger scale by creating criminal states that seek economic profits through illicit activities and use military power accordingly.

By contrast, societies with a flexible social structure, respect for the value of shared information, a functioning judicial system, and openness to new technology are well suited for the global age. There is considerable evidence that the political cultures that adapt most successfully to economic globalization feature accountable and adaptive institutions based on some minimal level of civic trust. Attitudes toward work, education, entrepreneurship, and the future are also important. A democratic government not only safeguards liberty and private property but also tends to produce flexible and responsive policies that facilitate economic growth. Globalization has sounded a death-knell for totalitarian governments and rigid command economies. But whether it makes democracy and market economies inevitable is another matter. In recent years, China, Russia, and other countries seemingly have been trying to craft a set of policies that combine some element of reform with existing structures of power.

Broadly considered, the political cultures of North America, Western Europe, parts of East Asia, and the South American countries of *Mercado Común del Sur* (MERCOSUR—Common Market of the South) are either adapting relatively

Anti-narcotics raid
on cocaine lab in
Colombia.



well to globalization or have a good chance of doing so if transitional political problems can be resolved. China and India remain uncertain because they are confronting enormous internal problems, with some of their regions adapting better than others. Significantly, the successful countries are either *free* or *partly free*, that is, democracies or *soft* authoritarian states with substantial democratic features and market economies. Even so, many effective democratic polities are hard-pressed to cope with some of globalization's challenges.

By contrast, most nations located in a huge swath of contiguous territory ranging from the former Soviet Union through the Middle East and South Asia to sub-Saharan Africa are presently ill-suited for globalization. Much of the Andes region and the Balkans are also adapting poorly. Such countries exhibit some combination of weak or closed political institutions, inflexible or divisive social cultures marked by vengeance and distrust, predominantly tribal or clan loyalties, and excessive regulation accompanied by a high degree of corruption. While these countries face incentives to democratize and create market economies, their deeply held values and social structures often make the transition difficult, if not impossible.

Section 3

Globalization and Geopolitics

Globalization does more than reshape the world economy and communications. It also shapes international politics and security affairs, and is shaped by them. Here, too, the effects are uneven and often contradictory. In the near and medium terms, globalization appears to contribute to several simultaneous tensions that are shaping the current era of international politics: fragmentation and integration, localization and internalization, decentralization and centralization. Globalization not only speeds up the pace at which integration occurs, but it also provides an environment conducive to many disintegrative trends.

Globalization is creating a new context for the formal and informal exercise of national power. Regional and international institutions, local governments, and nonstate actors, particularly large transnational corporations and some nongovernmental organizations (NGOs), are making use of some of the instruments of globalization and diminishing the nation-state's monopoly on power. Some power is shifting to the international arena (for example, both the spread of and fight against organized crime and terrorism); some power is shifting down to local levels (for example, citizen mobilization through e-mail and the Internet); and new power centers are being created as corporations and NGOs use the tools of the Information Age to shape policy outcomes (for example, the World Trade Organization [WTO] meeting in Seattle and the protests that it sparked).

In Europe, Latin America, and Asia, regional economic agreements are becoming a dominant expression of relations among states, giving regional structures such as the European Union (EU), the Association of Southeast Asian Nations (ASEAN), and MERCOSUR a geopolitical personality. While regional free trade areas promote growth and competition within their boundaries, they create multiple sets of rules and may siphon off negotiating energy that would otherwise be devoted to global free trade. Harmonizing regional agreements with the need for an open global economy promises to be a key challenge of the future. A related concern centers on the possible need for global rules to achieve various social goals, such as a clean environment and higher wage standards. Efforts to address these social and environmental issues are stimulating interest in international law and expanded roles for such organizations as the World Trade Organization, the International Labor Organization (ILO), and the



U.S. Marine Corps (Seth Rossman)

Landing craft going ashore during exercise in Mediterranean.

United Nations. This may eventually create better ways to help regulate global and interregional conflicts.

Apart from the transatlantic community, regional security arrangements are evolving more slowly and are likely to remain informal and flexible. Globalization does not eliminate traditional geopolitical concerns, but instead influences the ways in which they will be manifested in the future. National governments and various nonstate actors are motivated not only by economic gain

powerful countries could choose to take advantage of certain facets of globalization while challenging norms that they find objectionable or incompatible

but also by such classical aims as secure borders, domination of their regions, control of resources, and influence over their neighbors. There are still many lingering political conflicts over territory, borders, military competition, resources, and ethnic and cultural differences. Such stresses and strains on geopolitics continue to coexist and interact with the emerging global system. Sometimes globalization mitigates these stresses and strains, but sometimes it exacerbates them. For example, India's growing economic power, partly a product of globalization, is fortifying its stance vis-à-vis Pakistan and Kashmir.

While the world economy is integrating as a result of the globalization of finance, geopolitical affairs often are fragmenting along regional lines. In the absence of the bipolar political confrontation, regional political and security affairs are driven by their own dynamics, but with growing impact on developments in other regions. While this situation reduces the risks of regional tension triggering a wider global conflict, a pattern characteristic of the Cold War period, it exacerbates instability in key places. In some regions, old style geopolitics still dominates. In other areas, a new geopolitics is emerging. Asia is a key example, where China's growing strength is an increasingly important factor in the security policies of many countries.

The Bifurcated World Order

Overall, globalization is leading to a largely bifurcated international structure. The world is divided broadly between countries that are well integrated into, and committed to, the evolving norms of the global economy, and countries that are either being left behind by, or may seek to challenge the norms of, the emerging global order. The main effect is to create imposing barriers to rapid progress everywhere or to worldwide adoption of the democratic community's norms.

The first group is composed of about 80–100 countries that share a commitment to democracy, open trade, and collaborative security ties. Led by the United States, this liberal, democratic, and peaceful global core group includes the countries of North America, Western and Central Europe, Japan, much of East Asia, and the southern half of Latin America. Within this group, there is an inner core of about 30 countries (EU members, Canada, Japan, and a few other Asian countries) with per capita GDPs in excess of \$20,000, well above the \$7,000 world average. Another 50 states in Latin America, Asia, and parts of Africa that are struggling to keep pace and make progress comprise the outer core of this group.

The countries that are largely being left behind by the emerging global economy are in sub-Saharan Africa, the Greater Middle East, much of the former Soviet Union, large parts of South Asia, several countries in East Asia, the northern half of Latin America, and several states that have placed themselves outside most international norms (for example, Iraq and North Korea). This group has a per capita income well below \$6,000 a year and finds it difficult to transform and adapt to keep up with the core group; these are the global outliers.

The evolution of several powerful countries is uncertain. They could emerge as even larger mainstream players in the global economy, they could suffer further internal turmoil and fragmentation because of their inability to cope with the effects of globalization, or they could choose to take advantage of certain facets of globalization while challenging norms that they find objectionable or incompatible with their national interests. This group includes China, India, Russia, and Iran. In the first three countries, there are segments well integrated into the global economy. But overall, these societies and their political structures are not well suited for energetic participation in the global economy. Some of these governments and their citizens may actively resist playing by its rules. They could choose to become more integrated into the global system or participate in it fitfully or in ways that are advantageous to their national interests, as they focus on bolstering their regional power status. They are either ambivalent toward, or willing to actively challenge, the norms of the emerging global system.

Future prospects for the democratic community point toward greater prosperity and integration, albeit marred by trade frictions and the uncertain capacity of its members to cooperate in handling common security problems outside their borders. By contrast, several outlying regions face both troubled economic conditions and unstable security affairs. The Middle East and Persian Gulf are examples. Such regions suffer from endemic poverty, slow growth rates, and inability to compete in the world economy. At the same time, they are victimized by the dangerous dynamics of modern security affairs: deep-seated political tensions, regional bullies, vulnerable neighbors, weak collective security

mechanisms, power imbalances, WMD proliferation, and local violence. Because this combination of economic weakness and political strife inhibits these regions from achieving wealth or peace, it makes them natural breeding grounds for conflict and war. Some of their political tensions could be lessened if their economies became wealthier, but sustained economic cooperation is ruled out by the security rivalries among their countries. As a result, these regions remain mired in problems and bleak prospects even as the democratic community is further uplifted by globalization.

One key variable is the extent to which the governments on the outer core of the democratic community can strengthen their political structures and bolster their economies so that they can join the inner core and fully partake of the growing prosperity and stability. Regardless of changed policies, most of the outliers will likely suffer from continuing political and economic stagnation and the instability that accompanies it. Most of these countries are likely to see continuing turmoil and conflict, as they are buffeted by the forces of globalization and unable to take advantage of its most positive features. This scenario could be altered for the outer core democracies and globally disadvantaged countries if they are willing to pursue the policies and structural adjustments required to flourish in the Global Century. In this context, activist policies of engagement by the global core group could help promote prosperity, democratic development, and effective conflict prevention and management.

Where is this bifurcated international system headed? The scenario for major progress rests on the hope that democracy, market economics, and multilateral cooperation will spread outward from the democratic core, eventually encompassing most of the rest of the world in a stable global order. A less attractive scenario is that the world will remain as it is today, mostly outside the democratic core and beset by strife and economic hardship. The most worrisome scenario is that of a complete collapse of the emerging global system brought about by the toxic interaction of widespread economic turmoil, possibly caused by globalization, and new, polarizing geopolitical or sociocultural forces. Such a global economic collapse could trigger trade wars, widespread nationalism, multiple regional conflicts, and general global disorder. Because all three of these scenarios are possible, U.S. policy should be responsive to the requirements posed by each of them. Policymakers will need to promote progress where possible, address new risks and dangers, and act

Ships transitting
Panama Canal.



quickly and decisively, using various elements of state power in a more integrated fashion to head off regional crises that could quickly undermine global prosperity and security.

Proliferation and Unstable Imbalances

Military affairs will remain an important contributor to the evolution of the international system. Since the Cold War ended, military forces have declined in many regions. Yet global force levels remain appreciable: over 20 million troops worldwide, with 8 million in Asia alone. Many countries retain an imposing capacity to inflict

violence, including against their neighbors. Well-armed military establishments are no threat to peace in regions marked by economic progress, widespread political accord, and purely defensive strategies. But the opposite can be the case in regions characterized by major discord, especially if significant imbalances of military power leave potential aggressors able to overpower vulnerable neighbors.

The military trend that poses the greatest threat to global stability is the continuing proliferation of WMD and delivery systems. In recent years, nuclear devices have been exploded in South Asia; several countries in the Middle East

The Southern Belt of Strategic Instability and Major Theater Deployments

U.S. military forces overseas and at home are distant from areas where future turmoil and conflicts that threaten regional and global interests are likely to occur. This situation will require the United States to employ new forms of overseas presence, power projection, and expeditionary operations to deal with threats in diverse, remote locations around the world.

U.S.-Based Forces (1.1 million personnel)

About 80 percent of the U.S. military is stationed in CONUS. While many naval forces are either operating overseas or otherwise underway, any additional forces must be deployed to widely dispersed locations in crises.



2^d Marine Division (Tyler J. Mielke)

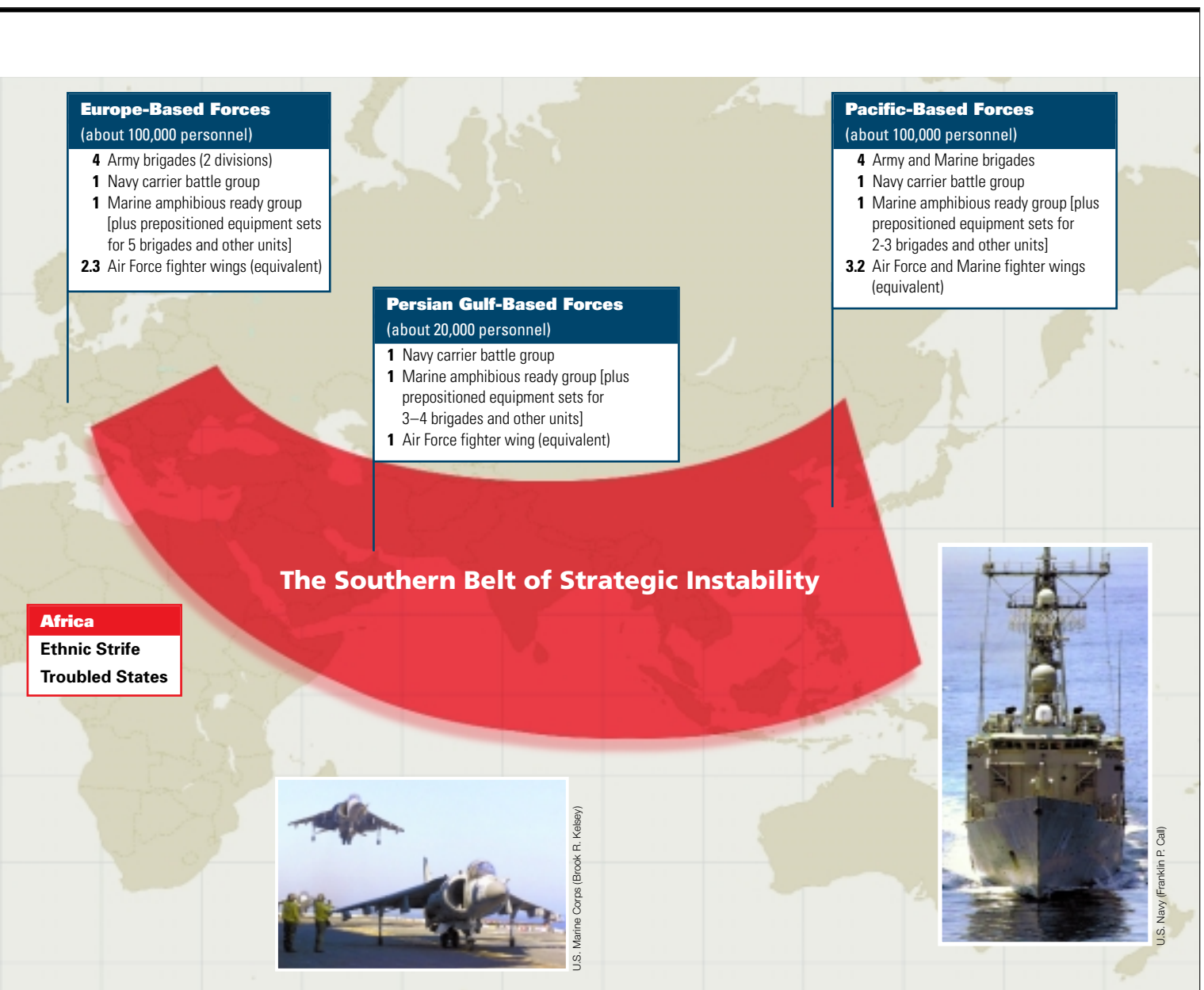
Andean Region Regional Instability Transnational Problems



AP Wide World Photos (Christopher Simon)

and Persian Gulf are known to be pursuing WMD capabilities; and North Korean actions remain a source of deep concern. The pace of future proliferation is hard to predict; arms control treaties and sanctions have a retarding effect. But a decade or two from now, and perhaps considerably sooner, a number of countries likely will possess WMD arsenals of varying sizes and capabilities. In this arena, globalization mostly has damaging effects, for it both accelerates the pace of WMD proliferation and makes its negative consequences contagious.

Trends in conventional weapons are also a concern. Owing to the Information Age, smart munitions, and new doctrines, conventional military forces are steadily becoming more powerful. In particular, their capacity to strike at long distances, to inflict widespread damage quickly, and to carry out offensive strategies is growing. So far, the Armed Forces have been the primary beneficiary of these trends, but in the future, many other countries will gain access to modern systems and strengthen their forces as well. A parallel risk is that future adversaries may develop the asymmetric assets needed to disrupt U.S. military operations against them.



Iranians chanting in support of supreme leader Ayatollah Ali Khamenei.



AP Wide World Photos (Kamran Jabreili)

Turmoil in the Developing World

Traditionally, security has been an external, cross-border concept. In the global era, security threats increasingly have transnational consequences. This trend has led most of the world's democracies to place a growing emphasis on new forms of security cooperation. Protection of both citizens and territory remains a paramount defense priority, particularly with respect to certain outlaw states of concern. However, economic considerations figure more prominently than in the

development assistance and other elements of regional engagement should be better coordinated to head off regional conflicts and the quest for WMD

past in national security policy. As the U.S. National Security Strategy of late 1999 states, security policies should "promote the well-being and prosperity of the nation and its people." In this context, security has been more broadly defined to allow the use of defense establishments to deal with damaging environmental disasters or destabilizing population flows. Most of the prosperous democracies are willing to use their defense establishments to help promote and safeguard democratic polities abroad, but there is a preference for doing this through multilateral mechanisms. This attitude is a marked change from the Cold War

period, when ideological hostility and worst-case scenarios drove defense planning.


Globalization has exacerbated transnational security threats to all states. But the economic and other nonsecurity aspects of globalization also pose significant threats to the internal security and stability of many rigidly controlled or weak states. The collapse of internal control can also have damaging consequences for regional security, as rebel armies, drug traffickers, or extremist religious groups pursue their agendas with little respect for national borders. The developed democracies would be well served by improving the level and coordination of assistance to help these countries improve governance and battle organized crime, corruption, warlordism, and piracy.

Globalization is likely to lead to considerable turbulence in a wide belt of developing countries. Development assistance and other elements of regional engagement should be better coordinated with defense strategies designed to head off regional conflicts and the quest for WMD. Similarly, regional security cooperation and the engagement of the Armed Forces with a wide circle of allies and partners should be part of an integrated economic, political, and military strategy stretching from the Middle East through South

Asia and into Southeast Asia. The developed democracies can react to, and cope with, this turmoil, or they can engage in more focused preventive actions.

A compelling case can be made that investment in sustainable growth should be seen as a national security goal as well as a foreign assistance priority because, in the less developed countries, stability is more likely to accompany steady, sustained economic growth. Greater stability could mean reduced demand on the prosperous democracies for military intervention. Thus, greater investment in sustainable development policies, which are aimed at helping developing countries head off crises and cope with the challenges that globalization presents, is a logical step. Governmental assistance to these countries should complement the activities of NGOs and should be carried out in the ways most likely to gain the maximum benefits for the limited resources available.

For their part, governments of developing countries can help smooth their adaptation to globalization by pursuing such policies as strengthening the rule of law, dismantling unnecessary regulatory restrictions, promoting education, punishing corruption, fostering inclusion, guaranteeing the peaceful transfer of power, emphasizing the adaptive elements of the prevailing political culture, and, where feasible, deepening trade and investment relationships with neighboring countries. These steps are far more important than geography and natural resources. Countries that are resource-poor, have no seaports, or lack navigable rivers have to try harder, but if the policy climate is right—and if their neighbors are not waging war on them—they can often find a niche.

The defense establishment can make a positive contribution to this effort through more creative peacetime engagement of military forces. The inculcation of democratic values and effective civil-military relations in the developing world through military training and education can contribute to the management of peaceful change in developing societies. 

Section 4

The Uneven Regional Impact of Globalization

The globalized world of the 21st century will not be a homogeneous place. Great differences still exist among the many regions of the world.

Europe is a showcase of globalization because it is adopting broad regional norms, unifying, and becoming more peaceful. In adapting NATO and the European Union to the new era, Europe has been developing a stable post-Cold War security structure in tandem with economic and political integration. Nonetheless, Europe faces challenges in guiding its internal unification, establishing cooperative relations with Russia, and dealing with still-stressful security affairs in the Balkans, parts of the Mediterranean littoral, and along Turkey's borders. Beyond this, Europe faces the added challenge of determining how it will play a larger role in world affairs outside its own continent.

Whereas Europe is integrating, Russia and its neighbors face profound troubles in adopting democracy and free markets in a setting of political and economic disarray. Recently its economy has started to grow, but over the past decade, Russia has suffered a 50 percent loss in GDP. The dismal economic, social, environmental, and health





U.S. Navy (Lena Gonzalez)

Commander in Chief, Pacific Fleet, reviewing honor guard in China.

trends in Russia and its neighbors are part of the Soviet legacy. However, Russia's current political system is ill suited to cope with either these problems or the challenges of globalization. These domestic challenges will limit Russia's capacity to cooperate constructively with its neighbors and the United States.

The current economic situation in Latin America combines the good, the bad, and the ugly—market reforms, poverty, and crime. Looking ahead, the most likely scenario is the emergence of three separate regional economies in the north, center, and south, with slow yet steady progress led by the countries of the south. In contrast to other regions, Latin America faces no major security threats or wars. However, it does face a mounting set of lesser problems for which it is ill prepared, such as organized crime, drug trafficking, and local violence.

Across the Middle East, with its mostly poor economies and shaky governments, globalization is feared and distrusted. Political Islam and Arab nationalism are partial backlashes to it. Yet there are signs of progress: NGOs are becoming more active advocates of democracy and the rule of law, and Arab businessmen and modernizing political leaders realize that globalization can be a source of economic and political gains. However, in the unstable Persian Gulf, globalization is creating stress within the domestic political system, feeding a perception of globalization as an effort by the West to impose its political values on traditional regimes. Meanwhile, globalization is not

easing the region's treacherous security concerns, which derive from vulnerable oil fields, military imbalances, and political confrontations.

In East Asia, globalization has had many positive effects in triggering market reforms, greater democracy, and faster growth. Yet the 1997 crisis exposed Asian vulnerability to abrupt financial shocks and its need for further reforms. Moreover, globalization is having uneven effects, uplifting elites and coastal areas, but leaving other areas behind. Although still poor and riddled with an obsolete political system, China is achieving great economic gains owing to globalization, and India is making progress as well. As both countries gain economic strength, they likely will pursue traditional geopolitical goals rather than integration with the U.S.-led democratic community.

The effect will be to lend further complexity to the tenuous security politics of Asia and South Asia. The bottom line is that the United States will face a future of strategic challenges and opportunities there.

Sub-Saharan Africa is a backwater of the modern world economy. With few exceptions, this vast continent remains dominated by poverty, weak governments, unstable societies, and fragile economies. At present, globalization is mostly leaving Africa behind, yet many Africans are now searching for ways to respond. Africa will need outside economic help, but its countries have shown that they can cooperate in handling the region's problematic security affairs.

Thus, globalization's uneven dynamics are having very different regional consequences. Economics and security affairs are interacting as an engine of progress in some regions, but as a source of strain in others.



Section 5

Implications for U.S. Security and Defense Policy

Despite official recognition of globalization as a major factor in the international system, most components of the U.S. Government have been slow to adapt structures and processes accordingly. Security, economic, science and technology, and law enforcement policies that are essential to coping with the challenges of the global era are still developed largely in isolation from one another. These policy streams are generally integrated only at the highest levels and only when necessitated by a crisis. A better response will be needed if the United States is to cope effectively with the Global Century.

Globalization is not bringing geopolitics to an end. Many traditional forms of geopolitics remain active on the world scene, and in some places, globalization is giving rise to new stresses

alliances and alignments will remain a pervasive feature of international politics, even as they build a network of cooperation with an increasing number of nations

and turbulence in the international system. Taming both the old and new geopolitical dynamics, which would allow for positive effects of globalization to advance, is a key challenge of statecraft. The intelligent use of military power and maintenance of security partnerships with cooperating allies and partners are key to achieving this goal.

USS Cole en route to home port after terrorist attack in Aden, Yemen.



U.S. Navy (Pat S. Draharn)

A Flexible Global Security Architecture

International mechanisms and institutions for coping with the challenges of the global era remain asymmetric. Just as economic globalization has outpaced other forms of globalization, international economic and financial institutions, as well as a number of specialized agencies of the United Nations (for example, health and telecommunications), have well developed procedures and norms. In contrast, security institutions and arrangements have remained largely regional and generally anemic, with the exception of the transatlantic region. This disparity between economic and security institutions is likely to persist for some time. Development of truly global security norms has proven quite difficult, as recent debates over military action against Serbia and sanctions against Iraq have illustrated. The UN Security Council can function in certain cases. Its structure, however, is outdated and frequently incapable of action. Security Council reform should be a priority of a U.S. strategy for the global era.

The lag in the development of new security structures calls for further strengthening of the instruments for regional cooperation and security to contain or reduce existing threats and prevent the emergence of new ones. Alliances and alignments will remain a pervasive feature of international politics for some time to come, even as they adapt to changing circumstances. Noteworthy is the success of this adaptation in Europe, where the Partnership for Peace (PFP) and the Euro-Atlantic Partnership Council have allowed NATO countries to build a network of political and military cooperation with an increasing number of nations. The success of these efforts has been helped tremendously by the incentive of membership and its security guarantees. While the Alliance has begun reforming its policies and military capabilities for new missions outside its borders, faster progress is warranted in the coming years. The Defense Capability Initiative provides a means to pursue this goal, as does the EU effort to create forces for various contingencies when NATO declines to act.

This process of building coalitions can be pursued elsewhere, particularly if such efforts build on existing alliances and patterns of cooperation. In Asia, the U.S.-Japan and U.S.-Korea alliances are slowly being adapted to meet the needs of an emerging, more complex security environment.



AP Wide World Photos (M.K. Anwar)

Pakistani Shaheen-I missile on display.

However, as the current Commander in Chief, Pacific Command, has recognized, neither these alliances nor new regional structures may be well suited to new tasks and may not be optimal in certain contexts. Perhaps new patterns of cooperation in bilateral and limited multilateral settings can be drawn upon in times of need to form variable geometry coalitions. New security communities, based on shared interests in the global era, can be developed to enable a wide group of states to work together to safeguard these interests. For the United States, this will require some adaptation of standard operating procedures. Rather than expecting a diverse array of Asia-Pacific partners to adopt U.S. or NATO standards and procedures, as has happened with PFP, the U.S. military will need to develop mechanisms to allow a diverse array of forces to join it in coalitions.

Peacetime Shaping and Crisis Response

What will be the role of military power for dealing with a world of promise and peril? The world has changed a great deal since the last U.S. defense reviews of 1993 and 1997. The answers chosen then no longer suffice now, and they may be even less relevant in the years ahead. New requirements, missions, and priorities are arising faster than is commonly realized. The challenge is to respond to them even as U.S. forces are transformed with new doctrines, technologies, and structures borne of the Information Age. U.S. defense planning must be dynamic and flexible. U.S. forces will need to remain the world's best—ready, modern, and combat capable. Equally important, they will need to be capable of responding adeptly to unanticipated changes in their theaters of operation.

Globalization's effects on international security require a shift in U.S. defense strategy from continental Eurasia to a greater focus on the southern and eastern regions of the Eurasian land mass, North Africa, the Middle East, and South-east Asia and Oceania. The growing turmoil in this contiguous southern belt is acquiring greater strategic importance because it can have a detrimental impact on global economics and stability and trigger U.S. security commitments. Significant engagements are also possible in sub-Saharan Africa and Latin America for humanitarian and certain security interests. Coping with these needs will require maintenance of military capabilities to project power rapidly, with a dominant effect, into the outlying world; continued forward presence; and the enhancement

of military cooperation with allies and partners. This new strategy will also need to cope with the further proliferation of weapons of mass destruction. New challengers, both states and some non-state actors, will have more sophisticated weapons and will also be capable of conducting asymmetric operations.

The term *strategic chaos* implies the opposite of permanent structure and order. It means a situation of great confusion, disorder, and fluidity that is capable of erupting into a wide variety of political conflicts and wars. Regional thugs and bullies will remain key contributors to this strategic chaos. Iraq and North Korea may evolve peacefully or they may not. Other medium-sized countries may also flout global norms in the coming years. Such powers as China, Russia, and India might also play roles, not necessarily as aggressors, but instead in the capacity of assertive geopolitical challengers to the U.S.-led security system in their regions. In this setting, accelerating WMD proliferation threatens to play a major destabilizing role, not only by giving potential aggressors added leverage to intimidate neighbors, but also by leaving many other countries chronically unsure of their security. Conventional military power likely will remain the instrument of choice for most wars, but often, violence will not take the form of classical state-to-state conflicts. The recent collapse of the former Yugoslavia and several African states into savage ethnic war, tribalism, and local violence may be a forerunner of things to come in several places.

B-2 refueling during orientation flight.



U.S. Air Force (Scott H. Spitzer)

Force Structure and Military Plans

U.S. military power often will be called upon to help dampen this strategic chaos, and especially to rebuff direct threats to vital U.S. and allied interests. This agenda seems likely to give rise to a wide range of new missions, often in unfamiliar geographic locations, that promise to challenge the capacity of even well-prepared U.S. forces. In the past, defense plans typically have been fixed and stationary, focused on protecting a few vital strategic zones from attack. These

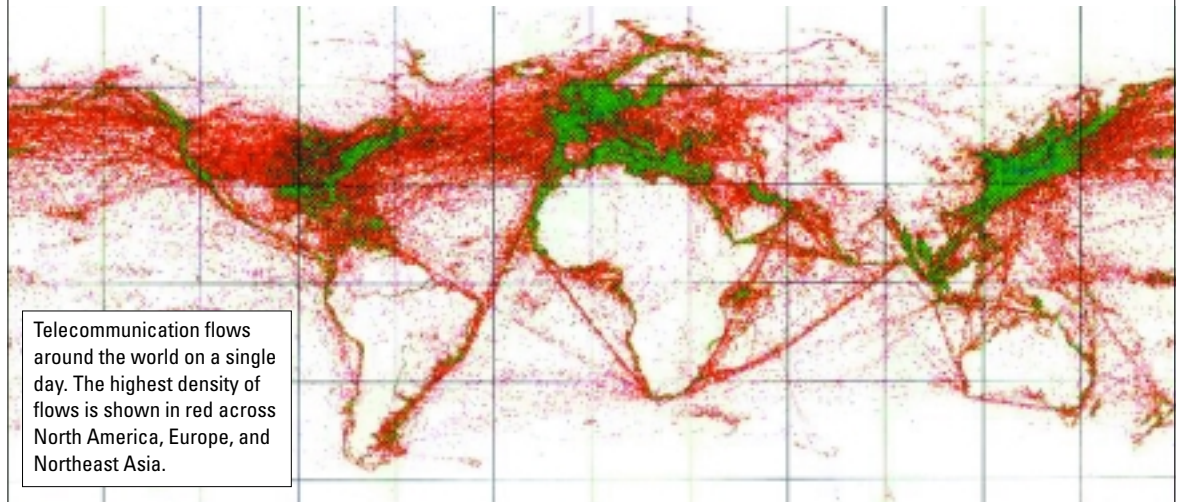
while large U.S. forces may remain stationed in Europe and Northeast Asia, they often will be called upon to serve as instruments of power projection

zones were defended by a combination of overseas-stationed forces, reinforcements from the continental United States, and well-prepared allied forces. In the future, this time-tested formula often will not be applicable to challenges. Swift power projection likely will become the dominant U.S. response mechanism. The current overseas military presence may change in the coming decade. While large U.S. forces may remain stationed in Europe and Northeast Asia, they often will be called upon to deploy elsewhere and to serve as instruments of power projection that join with forces from the United States. Often military operations will not be continental or peninsular, but instead maritime and littoral; that is, they will come from the sea and air and occur at places near oceans and seas. Forces from

allies and partners often will be present, but many times, full preparations for combined operations and integrated commands will not have been made. Nor will adequate bases, facilities, and infrastructure always be available. These new conditions, often less favorable than those of the past, will dictate fresh approaches to U.S. force operations and doctrines.

To avoid the risks of overload and overextension, defense plans will need guidance by a sense of limits and priorities in how national interests are defined. Even so, the mission of shaping global security affairs in peacetime likely will remain important and will acquire new dimensions in response to WMD proliferation and other forms of strategic chaos. U.S. forces will continue working closely with those of allies and partners, not only to create interoperability but also to assure friendly governments of their security and the credibility of U.S. guarantees. The main change is that these shaping missions likely will be conducted with a broader set of nations than in the past, including in new geographic locations. U.S. forces also will continue to perform outreach missions to former adversaries and to other countries that lack close ties to the Western alliance system. In addition, they might often be called upon to assert power in classical geopolitical ways, that is, by maintaining regional power balances and deterring predators from destabilizing conduct. The exact mixture of strategic shaping missions will depend upon how the future unfolds, but most

Communications in the Globalized World



likely, their size and frequency will impose major demands on the military.

The crisis operations and wartime campaigns carried out by U.S. forces are also likely to change contours. If the past is prologue, U.S. forces likely will be called on to perform a host of small-scale crisis interventions, peace operations, and humanitarian missions. Although the exact magnitude of these missions will depend upon national priorities and external events, U.S. forces will need to possess the special assets needed to carry them out. The Armed Forces will need to remain prepared to wage major theater wars (MTWs), but such future conflicts may be carried out in different locations than those anticipated today, and they may be driven by different goals and combat

operations than now planned. Wars larger than today's MTWs, possibly involving use of WMD systems, are also possible. The key point is that the range of potential conflicts facing U.S. forces is likely to widen. The combination of a widening conflict spectrum and a broader geographic focus makes future defense planning more complicated than in the past.

In the Persian Gulf and Kosovo wars of the 1990s, U.S. forces were so dominant that they were able to defeat their adversaries with few losses to themselves. Their continued superiority will remain critical, but it should not be taken for granted. Future wars may be waged under less favorable political and physical settings. Adversaries will not be able to match U.S. military power over the next two decades, but they may aspire to contest it locally in order to pursue their strategic goals. They likely will pursue asymmetric strategies, and they may gain access to modern weapons and information systems that can challenge the ability of the Armed Forces to gain forced entry, control the skies and seas, and maneuver freely on the ground. This prospect reinforces the need to continue modernizing the U.S. military and otherwise improving its warfighting capabilities.

Flexible and Adaptive Forces

How many U.S. forces will be needed to perform these future missions? For the past 8 years, the military has been sized to wage two MTWs simultaneously. The strategic calculus has been that, if U.S. forces can meet this standard, they will be large enough not only to defend the Persian Gulf and Korea, but also to handle their

Soldiers protecting public building in Haiti.





Troops investigating mortar attack on Kosovo village.

U.S. Army (Todd M. Roy)

other multiple missions. While future forces should remain capable of concurrent wars, the two-MTW standard is coming to the end of its useful life. The rationale of anchoring the entire U.S. defense posture on two simultaneous major wars no longer commands widespread political consensus. Beyond this, a principal drawback is that the two-MTW standard allegedly leaves the military too narrowly fixated on its two canonical

recent experience has shown that joint operations are fundamental to gaining maximum strength, flexibility, and synergy from the Armed Forces

scenarios. The consequence may be insufficient attention to a broader set of requirements, for example, carrying out commander in chief (CINC) engagement strategies, generating forces for lesser crises and operations, and being prepared for different regional wars, including those in unexpected places.

If the two-MTW standard is to be broadened, a candidate may be a new standard that embraces three purposes: carrying out normal military missions in multiple theaters short of war; preparing to fight and win a single MTW in various places, including WMD conflicts; and maintaining a large insurance policy for more and larger conflicts. Rather than organize U.S. forces into two rigid packages, this approach would create a flexible array of packages that could be selected as the situation warrants. During peacetime, the forces could be divided among the various CINCs at home and abroad, but then concentrated to meet

wartime needs. Some wars may require medium-sized strike packages; others may require a single MTW package; more demanding situations could necessitate two MTW-sized postures. In this way, U.S. forces could respond strongly to crises and wars of varying sizes and locations, while not sacrificing their capacity to continue performing other important missions.

Regardless of the standard chosen, the key point is that U.S. forces will need to be highly flexible and adaptive. To meet emerging requirements, future U.S. forces likely will remain similar in size to today's, but some new assets may be needed in specific areas. One pressing requirement is to create more low density/high demand units so that there will be enough special assets to handle not only peacekeeping but also warfighting—for example, special forces, construction engineers, command, control, communications, and computers, intelligence, surveillance, and reconnaissance (C⁴ISR) units, and defense-suppression aircraft. The Army seems unlikely to need more active divisions and brigades, but it might need more deep-fire assets, support units, and ready Reservists. The Air Force may require more support aircraft and strategic transports. The Navy is calling for a buildup from today's 316 battle-force ships to 350 ships, including more submarines and carriers to meet peacetime deployment needs.

While the future size of U.S. forces will need review, there is widespread consensus that joint operations should continue guiding military doctrine. Recent experience has shown that joint operations are fundamental to gaining maximum strength, flexibility, and synergy from the Armed Forces. *Joint Vision 2010* and *Joint Vision 2020* create a far-sighted framework with their precepts of precision engagement, dominant maneuver, focused logistics, and full-dimensional protection. The task now is to employ the U.S. Joint Forces Command and service experimental efforts to create the appropriate information systems, new structures, and operational practices. As these joint efforts proceed, the services will face the challenge of innovation in their forces and operations. Now that airpower has come of age, the Air Force will strive to preserve its mastery of the skies, while employing its aircraft and munitions to influence the land battle through precision strikes, including against mobile targets. With its networking efforts underway, the Navy will be endeavoring not only to maintain sea dominance but also to influence events ashore in peace and war. As the Army digitizes, it will be striving to create mobile brigades that can deploy quickly yet bring adequate weapons along with them. Success in these service efforts will play a major



1st Combat Camera Squadron (Cary Humphries)

Delivering relief supplies in Mozambique.

role in shaping the future effectiveness of joint operations in intense combat.

Clearly, joint operations should guide the allocation of forces to CINCs for their operation plans (OPLANs). While Kosovo suggests that some wars can be won with air and naval forces alone, *Desert Storm* required large ground forces as

Although current U.S. forces provide a diverse array of assets for flexible and adaptive plans, they will need to be improved further. The likelihood that the world will remain turbulent necessitates a continued emphasis on maintaining high military readiness during the near-term and mid-term. Yet U.S. forces will also need to modernize to maintain their superiority, especially for the long term. Currently, public attention is focused on homeland defense, national missile defense, and theater missile defense—all of which can make a contribution to security if carried out wisely. Equally important will be the accelerating procurement effort aimed at buying new conventional weapons to replace aging systems. Acquisition of new combat aircraft is the most vis-

ible measure, but modernization of ground and naval weapons will be taking place as well. DOD also will need to buy modern information systems, smart munitions, and war reserve stocks. In addition, it likely will need to fund new overseas bases, facilities, and prepositioning in order to facilitate operations in new locations. Such measures may escape public notice, but they are critical to future military strength.

Increases in the defense budget can help DOD address its changing requirements. But to the extent that money and manpower are less than ideal, DOD will need to set priorities in its forces, programs, and improvement efforts. It also will need to economize where possible by consolidating, streamlining, and otherwise adopting modern business practices so that costs of supporting forces are lessened. Prioritization will be needed in another way as well. With globalization and other trends giving rise to an ever-widening spectrum of missions, the risk is that U.S. forces will be stretched too thin, resulting in a diminished capacity to perform key operations well. Setting priorities in this arena will not be easy, but it is the best way to get maximum strategic value from the military in peacetime, crisis, and war.

Globalization is greatly reshaping international security affairs. For the United States, it is giving rise to a variety of new strategic requirements, defense priorities, and military missions. More fundamentally, it is eradicating the premise of continuity and predictability in defense planning. Transformation will require constant adaptation to keep pace with rapid change.

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well. By allocating large forces from all services, DOD can ensure that each CINC has the diverse assets to select the proper mix for the occasion. Indeed, selective force tailoring may be the future norm. Today's canonical MTW scenarios produce OPLANs calling for large forces—multiple divisions, fighter wings, and carrier battle groups—to be deployed over a period of months to halt an enemy attack and later to launch a decisive counterattack. This model may apply in some occasions, but not all. Some conflicts, such as counter-WMD scenarios, may require medium-sized strike packages to be deployed faster than now planned. A proper array of response options can be created by having each major regional CINC develop a family of OPLANs that reflects the potential conflicts in each theater. Creating a flexible capacity to respond to a wide range of wars—including those quite different from canonical MTW conflicts—may be more important than fine-tuning the ability to wage two wars at once.



Boarding merchant vessel in Arabian Gulf.

U.S. Coast Guard (Alice Semrott)

Growing Demands on Naval Forces

During the Cold War, U.S. maritime operations often were seen as supportive of continental operations. This trend emerged because naval forces were able to control the seas, but land and air forces faced great threats in such vital places as Central Europe, Korea, and the Persian Gulf. The accelerating dynamics of globalization are giving

the accelerating dynamics of globalization are giving maritime operations a position of growing emphasis today in the U.S. strategic calculus

maritime operations a position of growing emphasis today in the U.S. strategic calculus. One reason is that the oceans and seas are now playing an important role in the modern world economy. A huge portion of commerce transits the world's sea lanes. Another reason is that security affairs often are taking place over water. The task of building an Asian security architecture, for example, is heavily one of determining how continental powers and island nations are to relate to each other across large seas.

A third reason is military. The Navy likely will not face a major naval rival for sea control anytime soon. But many future military operations will be launched from the seas, will take place in littoral areas, and will be carried out against adversaries with modern forces capable of defending their shores and offshore zones. For these reasons, a strong Navy and Marine Corps will remain a key component in U.S. strategic thinking for a globalizing world.

Naval forces are well suited to the challenges of the global era. Their inherent flexibility allows them to perform a range of likely missions, from peacetime presence and engagement to crisis response and countervailing military action. They often provide assured access during crises in the period before land and air forces can arrive and also offer a hedge against loss of overseas basing. Naval forces have a distinct advantage in crisis response, given the rapidity with which they can transition from peacetime presence missions to wartime operations. Peacetime Navy presence and overseas engagement activities will remain critical. Operations in the littoral areas and with coalition partners will become increasingly important, and the pace of these operations will require effective exploitation of the latest information technologies.

A robust Navy structured with carrier battle groups, amphibious ready groups, strategic ballistic missile submarines, and new systems will be needed in the coming years. While naval forces will retain significant tactical and operational autonomy, they will be increasingly dependent on national and other service assets for technical support, particularly in the critical areas of C⁴ISR. Sustained improvements of the Navy through such systems and smart munitions are warranted, as are steps to counter the threat posed by mine warfare and quiet submarines. The Marine Corps will have to be prepared to achieve rapid success with minimal destruction in urban environments; with hostile populations, as well as with military or quasi-military defenders; and under the watchful eye of the international media.

The Coast Guard has been in the vanguard in coping with many of the challenges of the global era, including not only operations against narcotics and smuggling, but also the negotiation and enforcement of conventions for maritime safety and environmental protection. Globalization, with its attendant growth in legal and illegal trade and transit, is placing new demands on the fifth service, such as monitoring pollution of vessels at sea, controlling immigration, protecting fisheries, conducting humanitarian operations, and coping with asymmetric threats to coastal areas. This trend will require recapitalization of aging deep-water capabilities. Moreover, the Coast Guard, as a multimission law enforcement, humanitarian, and regulatory agency, as well as a military service, is well suited to support CINC theater engagement, particularly with emerging democracies that are building limited coastal defense forces.



Section 6

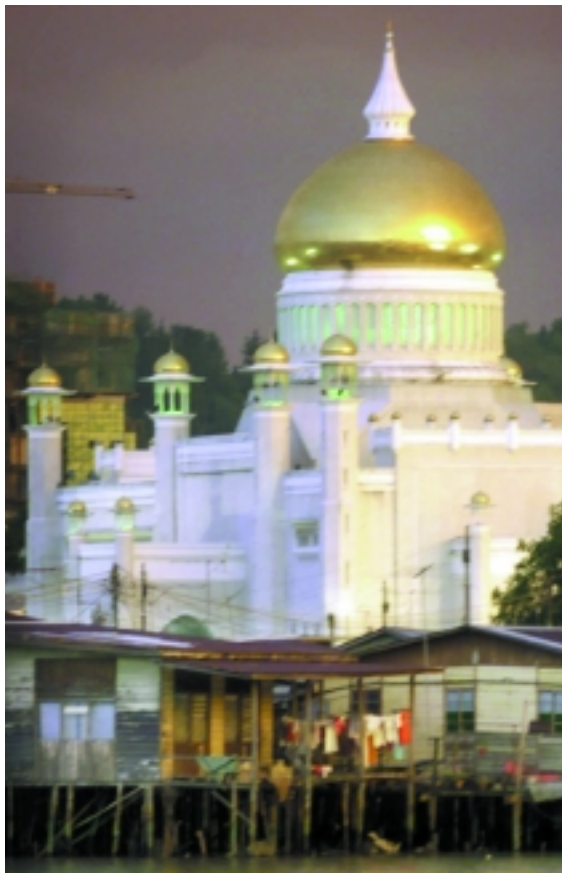
Strengthening the Policymaking Process

The U.S. Government is currently inadequately organized to deal with the challenges of the global era. The challenges noted above call for revamping the policy process and better integrating the military and nonmilitary components of national power. The following general steps are among those that can be considered by the Bush administration:

- Successful strategies and policies in the global era require much closer coordination among the economic, security, law enforcement, environmental, and science and technology policymaking communities in Washington.

- There should be far more dialogue and structured interactions among the various elements of government than there are now, along with more coherent, high-level guidance and coordination. Because such a bureaucratic transformation would have to begin at the top, the President must set the tone. Such steps will likely require specific changes in each agency's personnel system in order to become institutionalized. These personnel systems should encourage rotational assignments and reward individuals who break down agency barriers, rather than those who protect them.

Sunset near mosque in Brunei, oil-rich nation of Southeast Asia.



AP Wide World Photos (David Longreath)

The Bush administration should undertake a comprehensive review of all interagency working groups in relevant policy fields to assess areas of overlap and potential areas for better policy fusion. It might also consider combining the National Security Council and the National Economic Council to ensure better integration of these policy streams. Another option that merits careful review would be to unify several major elements of the Executive Office of the President—the National Security Council, the National Economic Council, and parts of the Office of Science and Technology Policy, and other White House offices involved with the effects of globalization. Such a body could ensure more effective interagency coordination of policies critical to coping with the challenges presented by globalization.⁵

The need for greater interagency coordination applies not only in Washington, but also to U.S. operations overseas in virtually all regions. Today, DOD is best organized to carry out coordinated regional policies. Indeed, key regional CINCs have broad areas of responsibility and are often charged not only with operating U.S. forces but also with trying to coordinate a wide range of other governmental activities. Steps to strengthen interagency regional teams in the field could enhance the ability of foreign policy to blend disparate military and nonmilitary activities into a coherent strategic program, one that does the best job of pursuing its goals with the means at its disposal.

- DOD should take steps to ensure effective coordination of policy analysis and appropriate force planning by its elements with global and various regional responsibilities, including the major regional CINCs. The Pentagon also needs to find a workable bureaucratic mechanism to integrate economic, environmental, and cultural factors into its policy planning. These two functions might be performed by a small group of senior planners with a mandate to provide direct, cross-cutting support on global security affairs to the Under Secretary for Policy. The Service secretaries might consider developing a similar group of advisors.

- The ability to shape globalization rather than just react to it requires adequate resources and a better balance between hard and soft security. The Armed Forces will still need robust funding to remain prepared to fight wars and conduct the demanding range of global era military operations. But this military strength needs to be supplemented by enhanced capabilities in other areas of statecraft. Nonmilitary instruments of foreign policy, such as foreign aid, educational exchanges and scholarships, visitor programs, public diplomacy, and contributions to humanitarian programs and multilateral organizations, are pitifully small in comparison with U.S. military power and global reach. Spending on these nonmilitary instruments has shrunk steadily over the last 20 years, from 4 percent of the Federal budget in the 1960s to 1 percent today. Inexpensive programs

to promote democracy, civil society, the rule of law, and certain economic reforms in some of the key countries buffeted by globalization, such as Russia and the new states of Eurasia, could yield enormous dividends and prevent future crises. These soft power activities can have great effect over time, and they are more important than ever because even overwhelming military power is often of limited use in dealing with the social turmoil and other consequences of globalization.

More effective use of these nonmilitary shaping and crisis prevention instruments could reduce demands on U.S. and allied armed forces for

complex contingency operations conducted abroad and at home demand more effective interagency and international civil-military coordination

peace operations. This would have a salutary effect on military readiness and preparations for major combat operations. Without a well-stocked and more diversified diplomatic and foreign assistance toolbox, U.S. military forces will be under mounting pressure to solve problems for which military power is not well suited.

- The global era requires a streamlined, flexible, and integrated U.S. Government decisionmaking process adapted to the Information Age and capable of responding quickly to fast-moving foreign crises. Decisionmaking and military operations will have to become speedier, communications more direct, and organizations flatter and more streamlined. This change will be difficult because of the wide variety of perspectives that need to be built into an effective strategy. But compartmentalized activities will become riskier. This is true not only in the Armed Forces but in the rest of the foreign policy community as well.

- Policymakers and military planners need to be more aware of historical, technological, cultural, religious, environmental, and other aspects of world affairs than they have been to date. More people with expertise in nonmainstream fields should be hired and utilized in mainstream positions. Nongovernmental actors of all backgrounds should be consulted routinely by both diplomatic and military planners.

- Building and maintaining coalitions with friends and allies to channel globalization in constructive directions and mitigate its harshest aspects should receive high priority. Enlisting effective support from friends and allies warrants enhanced regional engagement activities by each of the services, including the Coast Guard. Developing and sustaining such efforts may sometimes require political or military operational compromises, but the dividends are worth the risks.

Complex contingency operations conducted abroad and at home have continued to grow. They demand more effective interagency and international civil-military coordination. Crisis and conflict management will require better integra-

tion of all the tools of the U.S. Government, as well as leveraging of the capabilities of allies, partners, and NGOs, across a range of activities, including humanitarian, economic development, law enforcement, and external security concerns.

Globalization holds great promise in ways that are broadly consistent with U.S. strategic interests and with the long-term needs of most people. Over time, globalization promotes openness, encourages political and economic reforms, strengthens the demand for the rule of law, fosters integration, and reduces the likelihood of conflict and resort to force. From a security perspective, the worrisome term is *over time*.

To remain highly effective, the Armed Forces must meet two different requirements: staying prepared for major combat missions, while performing such global era operations as presence, engagement, strategic shaping, peacekeeping, humanitarian relief, and crisis intervention. The future will present many challenges for the entire defense establishment, including the Navy. Their ability to face this future will play a major role in determining whether the United States copes effectively with the new promises and stressful dangers of the globalizing world.

Notes

¹ Louis J. Freeh in a statement submitted for the record to the Subcommittee on Foreign Operations, Senate Committee on Appropriations, Washington, DC, April 21, 1998.

² Michael D. Bordo, Barry Eichengreen, and Douglas A. Irwin, "Is Globalization Today Really Different from Globalization a Hundred Years Ago?" *Brookings Trade Forum 1999* (Washington, DC: The Brookings Institution Press, 1999), 1–50.

³ Anton Lukas, *WTO Report Card III: Globalization and Developing Countries*, Trade Briefing Paper no. 10 (Washington, DC: The Cato Institute, June 20, 2000), 2.

⁴ World Bank, *World Development Indicators 2000* (Washington, DC: The World Bank, 2000), 3.

⁵ James B. Steinberg in an address delivered at the National Defense University on October 18, 2000.

Appendix

Globalization and National Security

This report summarizes themes emerging from *The Global Century: Globalization and National Security*. Research for these volumes was conducted by a group of 51 scholars and analysts from the United States and abroad, many internationally renowned and others in the early stages of their careers. The goals of the project were to conduct a multidisciplinary inquiry and draw upon a wide range of opinions, perspectives, and insights in ways that fused scholarly research with policy evaluation. Accordingly, the group included former ambassadors, governmental officials, political scientists, economists, international affairs scholars, regional specialists, historians, other social scientists, business professionals, journalists, military experts, strategic planners, policy analysts, and information system experts.

This large group pursued the common agenda of analyzing globalization, its strategic

consequences, and its policy implications in their respective fields. The intent of these two volumes is to make a worthy contribution to the literature, to help inform future policy choices, and to stimulate further research on the effects of globalization. Volume I examines the globalizing world as a whole and its impact on strategic, defense, and military choices. Volume II analyzes functional and regional trends.

The result is one of the larger and more thorough investigations into globalization to date. Each chapter explores its subject in considerable detail. These volumes offer much original analysis on a subject of critical importance. The table of contents of the two volumes follows on pages 31 and 32.

The accompanying searchable CD-ROM of *The Global Century* can be accessed using Windows 95, Windows NT, Macintosh, and UNIX operating systems.



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The photographs on the back cover depict (clockwise from top right) light armored vehicle landing during RIMPAC '98 (U.S. Navy/James G. McCarter), airman demonstrating video camera to Kosovar refugee (U.S. Air Force/Paul Holcomb), flooded railway in Bangladesh (AP Wide World Photos/Pavel Rahman), and F-16 at Lajes air base in Azores (U.S. Air Force/Michael R. Holzworth).



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